

Message Text

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PAGE 01 CANBER 03669 130843Z

13

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 TAR-02 L-03 DRC-01 FTC-01 /160 W

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R 130721Z JUN 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3396

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EGEN, EFIN, AS

SUBJ: PRIME MINISTER ANNOUNCES FOREIGN INVESTMENT SCREENING
COMMITTEE

REF: (A) CANBERRA 3372

(B) CANBERRA 2786 (NOTAL) (C) CANBERRA 2555 (NOTAL)

1. PRIME MINISTER WHITLAM ISSUED STATEMENT JUNE 12 ANNOUNCING
ESTABLISHMENT OF NEW INTERDEPARTMENTAL COMMITTEE TO "EXAMINE AND
PROVIDE ADVICE ON FOREIGN INVESTMENT PROPOSALS WHICH COME UNDER
NOTICE THROUGH EXCHANGE CONTROL MECHANISM AND DO NOT INVOLVE
TAKEOVER OF AUSTRALIAN BUSINESSES". NEW COMMITTEE WILL PARALLEL AND
COMPLEMENT COMMITTEE ON FOREIGN TAKEOVERS (CFT), WHICH
SCREENS TAKEOVER BIDS UNDER POLICY INTRODUCED IN SEPTEMBER
1972 BY MCMAHON GOA. LIKE CFT, NEW COMMITTEE WILL BE ADVISORY.

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PAGE 02 CANBER 03669 130843Z

ITS RECOMMENDATIONS WILL NORMALLY BE ACTED UPON BY TREASURER TO

WHOM IT WILL REPORT, BUT FULL CABINET COULD CONSIDER ITS RECOMMENDATIONS IN EXTRAORDINARY CASES. NEW COMMITTEE WILL INCLUDE REPRESENTATIVES OF TREASURY, RESERVE BANK AND DEPARTMENTS OF PRIME MINISTER AND CABINET, OVERSEAS TRADE, MINERALS AND ENERGY, AND MANUFACTURING (FORMERLY SECONDARY) INDUSTRY PLUS OTHER DEPARTMENTS IN PARTICULAR CASES WHERE JUSTIFIED.

2. NEW COMMITTEE WILL ALSO BE ASKED TO FORMULATE DETAILED PROPOSALS FOR SCREENING "FOREIGN INVESTMENT ACTIVITIES WHICH DO NOT INVOLVE EXCHANGE CONTROL APPROVALS - FOR EXAMPLE, INVESTMENT PROPOSALS WHICH WOULD BE FINANCED BY FOREIGN INTERESTS FROM FUNDS AVAILABLE TO THEM FROM AUSTRALIAN SOURCES".

3. EMBASSY COMMENT: ESTABLISHMENT OF NEW FOREIGN INVESTMENT COMMITTEE HAD BEEN FORESHADOWED BY WHITLAM'S RECENT ELECTION STATEMENT (REFS B AND C) AND MERELY FORMALIZES AD HOC SCREENING PROCEDURES WHICH HAVE BEEN CARRIED OUT BY TREASURY SINCE 1972. AGAFONOFF, TREASURY OFFICIAL WHO HAS OVERSEEN SUCH SCREENING IN PAST, STATES MOST NEWSWORTHY ASPECT OF STATEMENT IS NEW COMMITTEE'S RESPONSIBILITY TO PROPOSE SYSTEM FOR SCREENING FOREIGN INVESTMENT PROPOSALS INVOLVING LOCALLY GENERATED FUNDS NOT SUBJECT TO GOA'S FOREIGN EXCHANGE CONTROL AUTHORITY. NEW LEGISLATION WILL BE REQUIRED TO SCREEN SUCH PROPOSALS, WHEREAS NEW COMMITTEE AND FTC REQUIRE NO NEW LEGISLATIVE AUTHORITY.

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